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Friday, October 26, 2001

Dear Shareholders,

Your company has continued to consolidate its position in the market place. The directors are much cheered by the now underlying strength of the company, with its lesser debt level, broader shareholding, listing on the Bendigo Stock Exchange and a good start to this financial year.

The year past has been a difficult period for sale yards in Victoria, with all regular selling centres south of the Great Divide recording a decline in throughput, irrespective of selling system (pre-weigh versus post-weigh). Centres in the north east of the state improved their positions. The VLE recorded the lowest decline of its adjoining neighbours.

Ballarat	13.4%	Warragul	12.4%
Korumburra	14.5%	VLE	10%

This result is heartening to all concerned. In addition to this outcome, VLE increased its throughput from areas east of Bunyip/Nyora/Lang Lang by 7% during the reporting period.

It would appear the cattle herd available to the VLE as throughput has begun to increase as we have just completed the best first quarter since opening with an increase of throughput on 1999 of 25% and against 2000 of 50%. It would be unrealistic to expect this trend to prevail throughout the whole year ahead, nonetheless your directors and management are quietly confident that the worst times are past.

The VLE continues to operate at a high level of efficiency; the general principles of design and operation have not been seriously challenged.

Your directors and management will continue to make every reasonable endeavour to further the company's interests over the next financial year and look forward to continuing to make progress towards the day when we can return a dividend to investors. We look forward to seeing as many shareholders as possible at the Annual General Meeting at 8am on Wednesday, November 28<sup>th</sup> at the VLE.

Yours Faithfully,

*Graham Osborne*

Graham Osborne  
 Managing Director